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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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**In re** : **Chapter 11 Case No.**  
: **08-13555 (JMP)**  
**LEHMAN BROTHERS HOLDINGS INC., et al.,** : **(Jointly Administered)**  
**DEBTORS.** :  
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**STIPULATION, AGREEMENT AND ORDER  
BETWEEN MERIT, LLC, LB SOMERSET LLC, LB  
PREFERRED SOMERSET LLC AND THE INTERNAL REVENUE SERVICE**

TO THE HONORABLE JAMES M. PECK  
UNITED STATES BANKRUPTCY JUDGE:

This stipulation, agreement and order (“Stipulation, Agreement and Order”) is entered into among Merit, LLC (“Merit”), LB Somerset LLC (“LB Somerset”), LB Preferred Somerset LLC (“LB Preferred,” and together with Merit and LB Somerset, the “New Debtors”), as debtors and debtors in possession in the above captioned chapter 11 cases and the Internal Revenue Service (the “IRS”).

**RECITALS**

A. On December 14, 2010, with respect to Merit, and December 22, 2010, with respect to LB Somerset and LB Preferred, the New Debtors commenced with this Court voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The New Debtors’ chapter 11 cases have been consolidated with the chapter 11 cases of Lehman

Brothers Holdings Inc. (“LBHI”) and its debtor affiliates (collectively, the “Original Debtors”) for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. The New Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. By order of the Court, dated May 6, 2010 (the “Bar Date Order”) [Docket No. 8818], the Court, *inter alia*, established June 21, 2010 at 5:00 p.m. as the deadline for governmental units to file proofs of prepetition claims against the New Debtors in their chapter 11 cases (the “Governmental Bar Date”).

C. Pursuant to previous stipulations that have been so-ordered by the Court, the Original Debtors have agreed to extended the IRS’ deadline for filing proofs of prepetition claims against the Original Debtors until December 31, 2010 at 4:00 p.m. (Prevailing Eastern Time), in order to provide additional time for the Original Debtor and the IRS to pursue complex, multi-party settlement discussions designed to narrow and fix any potential tax liabilities or refund rights of the Original Debtors and the group of entities for which LBHI is the common parent, as well as to discuss other issues relevant to the IRS’s anticipated claim.

D. In order to include the New Debtors in these discussions and, potentially, any settlement or other resolution that may be a product thereof, the New Debtors and the IRS have agreed to extend the Governmental Bar Date solely for the IRS.

**NOW, THEREFORE, UPON THE FOREGOING RECITALS, WHICH ARE INCORPORATED AS THOUGH FULLY SET FORTH HEREIN, IT IS HEREBY STIPULATED AND AGREED, BY AND BETWEEN THE NEW DEBTORS AND THE IRS, THROUGH THEIR RESPECTIVE UNDERSIGNED COUNSEL AND, UPON COURT APPROVAL HEREOF, IT SHALL BE ORDERED THAT:**

1. Notwithstanding any deadline established pursuant to the Bar Date Order, the Governmental Bar Date for the IRS shall be **December 31, 2010 at 4:00 p.m. (Prevailing**

**Eastern Time**) (the “IRS Bar Date”). Other than the deadline established pursuant to the Bar Date Order for the filing of proofs of claim, the IRS shall be obligated to comply with all other provisions of the Bar Date Order, including, but not limited to, the procedures for filing a proof of claim against the New Debtors.

2. Each person who executes this Stipulation, Agreement and Order on behalf of a party or parties hereto represents that he is duly authorized to execute this Stipulation, Agreement and Order on behalf of such party or parties.

3. This Stipulation, Agreement and Order may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

4. This Stipulation, Agreement and Order is subject to approval of the Court and shall be of no force and effect unless and until it is approved.

5. This Stipulation, Agreement and Order may not be amended or modified except as agreed by the parties hereto and approved by further order of the Court.

6. This Stipulation, Agreement and Order and all of the provisions hereof shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

7. Each of the parties hereto irrevocably consents to the jurisdiction of the Court with respect to any action to interpret or enforce the terms and provisions of this Stipulation, Agreement and Order and expressly waives any right to commence any such action in another forum.

*[The remainder of this page is intentionally blank.]*

Dated: June 8, 2010

**WEIL, GOTSHAL & MANGES LLP**

**PREET BHARARA**

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Southern District of New York  
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**SO ORDERED:**

Dated: New York, New York  
June 22, 2010

*s/ James M. Peck*

Honorable James M. Peck  
United States Bankruptcy Judge